

## Message Text

LIMITED OFFICIAL USE

PAGE 01 STATE 059903  
ORIGIN EB-08

INFO OCT-01 EUR-12 NEA-10 ISO-00 L-03 CAB-02 CIAE-00  
COME-00 DODE-00 DOTE-00 INR-07 NSAE-00 FAA-00  
SS-15 SP-02 NSC-05 /065 R

DRAFTED BY EB/AN:ARIMAS:BA  
APPROVED BY EB/TCA:JWBILLER  
EB/OA:MHSTYLES  
EB/AN:RABROWN  
NEA/ARP:JLYLE  
EUR/NE:DDONCHI  
L/EB:PMICKEY  
CAB:ALARGAY

-----181711Z 113141 /56

P 181641Z MAR 77  
FM SECSTATE WASHDC  
TO AMEMBASSY REYKJAVIK PRIORITY  
AMEMBASSY MANAMA PRIORITY  
AMEMBASSY LUXEMBOURG PRIORITY

LIMITED OFFICIAL USE STATE 059903

E.O. 11652: N/A

TAGS: EAIR

SUBJECT: CIVAIR: ICELANDIC BAHRAIN SERVICE

REF: A) LUXEMBOURG 174, B) MANAMA 556, C) REYKJAVIK 353  
D) REYKJAVIK 110

1. POLICY GUIDANCE REQUESTED REFTELS FOLLOWS STARTING  
PARA 2 BELOW. ACTION POSTS MAY COMMUNICATE AT THEIR  
DISCRETION SUBSTANCE OF THIS POLICY TO RESPECTIVE GOVERN-  
MENTS AT APPROPRIATE LEVEL. AMEMBASSIES LUXEMBOURG AND  
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STATE 059903

MANAMA SHOULD REITERATE TO ICELANDIC REPS THAT SINCE  
ISSUE CONCERNS BILATERAL US-ICELANDIC CIVAIR RELATIONS,  
APPROPRIATE VENUE FOR ANY FURTHER DISCUSSIONS IS EITHER  
REYKJAVIK OR WASHINGTON. AMEMBASSY MANAMA SHOULD NOT  
COMMUNICATE TO GOB ANY ASSURANCES THAT USG DOES NOT OPPOSE  
PROPOSED ICELANDIC SERVICE.

2. LOFTLEIDER'S OPERATIONS BETWEEN US POINTS AND ICELAND UNDER THE US-ICELAND AIR TRANSPORT AGREEMENT OF 1945 ARE, IN REALITY, AIR SERVICES BETWEEN THE US AND EUROPE WITH A STOP IN ICELAND. WELL OVER 90 PERCENT OF THE TRAFFIC CARRIED IS US-EUROPE TRAFFIC, NOT US-ICELAND TRAFFIC. SUCH OPERATIONS ARE CONTRARY TO THE ACCEPTED INTERNATIONAL AVIATION PRECEPT THAT AIR SERVICES SHOULD BE OPERATED

PRIMARILY TO CARRY TRAFFIC COMING FROM OR DESTINED TO THE HOMELAND OF THE AIRLINE.

3. LOFTLEIDER HAS, THROUGHOUT THE YEARS, ATTEMPTED TO INCREASE ITS POTENTIAL TO CARRY US-EUROPE TRAFFIC (SO-CALLED SIXTH FREEDOM TRAFFIC) BY OFFERING AIR FARES LOWER THAN THOSE OFFERED BY OTHER TRANSATLANTIC AIRLINES AND BY OPERATING COMMERCIALY COMPETITIVE TYPES OF AIRCRAFT. THE US AND ICELAND, PRIOR TO 1970, ENGAGED IN A SERIES OF CONSULTATIONS AND EXCHANGES ON THESE ISSUES, ALL OF WHICH WERE FOCUSED ON LOFTLEIDER'S US-EUROPE TRAFFIC. IN 1970, IN RESPONSE TO ICELAND'S REQUEST TO OPERATE JET AIRCRAFT (THE THEN EXISTING UNDERSTANDING WAS THAT THE US WOULD COUNTENANCE LOFTLEIDER'S OPERATIONS ONLY IF IT OPERATED AIRCRAFT A NOTCH BELOW THOSE USED BY US AIRLINES, E.G., DC-6, INSTEAD OF DC-7, THE TWO COUNTRIES ENTERED INTO A MODUS VIVENDI WHICH, IN EFFECT, SUBSTITUTED AN OVERALL SEAT LIMITATION ON LOFTLEIDER'S US-EUROPE OPERATIONS IN LIEU OF ANY PRICE OR AIRCRAFT-TYPE CONTROL. THE MODUS VIVENDI WAS AN EXPRESSION BY THE US (SEE PARA 5 THEREOF) THAT IT WOULD REFRAIN FROM PURSUING ITS BASIC OBJECTIONS LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 STATE 059903

TO LOFTLEIDER'S OPERATIONS AND FROM TAKING UNILATERAL ACTION SO LONG AS THERE WERE NO FUNDAMENTAL CHANGES IN THE OVERALL SITUATION. (COPY OF MODUS VIVDENI BEING POUCHED TO REYKJAVIK)

4. LOFTLEIDER'S PROPOSED BAHRAIN SERVICE RAISES AGAIN THE SAME PROBLEM TO WHICH THE 1970 MODUS VIVENDI WAS ADDRESSED. THE BAHRAIN SERVICE COULD NOT BE SUSTAINED WITH TRAFFIC MOVING BETWEEN ICELAND AND THE MIDEAST; CLEARLY IT WILL CONSIST PRINCIPALLY OF TRAFFIC TRAVELLING BETWEEN THE US AND BAHRAIN. THE US GOVERNMENT BELIEVES NOW, AS IT DID IN 1970, THAT SUCH A SERVICE IS CONTRARY TO THE BASIC PRINCIPLES WHICH UNDERLIE THE MULTILATERAL AND BILATERAL FRAMEWORK OF INTERNATIONAL AVIATION. THE US GOVERNMENT MAINTAINS NOW, AS IT DID IN THAT EARLIER CASE, THAT THE INSTITUTION OF SUCH A SERVICE WITHOUT PRIOR CONSULTATION BETWEEN GOVERNMENTS COULD LEAD TO THE CONSIDERATION OF UNILATERAL ACTION BY THE UNITED STATES TO CONTROL SUCH CARRIAGE.

5. THE USG, THEREFORE, CONSIDERS THAT ICELAND IS BOUND  
TO PRIOR CONSULTATION RE ANY PROPOSED US-BAHRAIN SERVICES  
IF IT WISHES TO AVOID CONSIDERATION BY THE USG OF UNI-  
LATERAL STEPS, A SITUATION WE ARE ANXIOUS TO AVOID.

VANCE

LIMITED OFFICIAL USE

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** MEETINGS, AIR ROUTE APPLICATIONS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Sent Date:** 18-Mar-1977 12:00:00 am  
**Decaption Date:** 01-Jan-1960 12:00:00 am  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1977STATE059903  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** ARIMAS:BA  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D770093-0714  
**Format:** TEL  
**From:** STATE  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1977/newtext/t19770345/aaaabmqc.tel  
**Line Count:** 124  
**Litigation Code IDs:**  
**Litigation Codes:**  
**Litigation History:**  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Message ID:** 73fcedb5-c288-dd11-92da-001cc4696bcc  
**Office:** ORIGIN EB  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 77 LUXEMBOURG 174, 77 MANAMA 556, 77 REYKJAVIK 353  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 23-Nov-2004 12:00:00 am  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 3064880  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** CIVAIR: ICELANDIC BAHRAIN SERVICE  
**TAGS:** EAIR, IC, BA  
**To:** REYKJAVIK MANAMA MULTIPLE  
**Type:** TE  
**vdkgvwkey:** odb://SAS/SAS.dbo.SAS\_Docs/73fcedb5-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009